

# Federal Emergency Management Agency

Washington, D.C. 20472

AA-20

MEMORANDUM FOR: Regional Directors  
FEMA Regions I-X

ATTENTION: Mitigation Division Directors

FROM: Michael J. Armstrong  
Associate Director for Mitigation

DATE: 23-JUL-99

SUBJECT: Definition of "Total Net Eligible Costs" for the  
Purpose of Calculating Subgrantee Administrative  
Costs under the Hazard Mitigation Grant Program

This memorandum serves to provide a definition of "total net eligible costs" for the purpose of calculating subgrantee administrative costs under the Hazard Mitigation Grant Program (HMGP). I hope this will clear up any outstanding questions that have been posed by a number of States and Regional Offices on this matter.

The Mitigation Directorate has consulted with FEMA's Office of General Counsel and Office of Financial Management to provide a definition of "total net eligible costs." For projects funded under Section 404 of the Stafford Act, such costs are the FEMA contribution, based on an approved scope-of-work, plus the non-Federal proportionate minimum required match (i.e. 25 %).

Additionally, the Automated Disaster Assistance Management System (ADAMS) is correctly calculating subgrantee costs based on the above definition of "total net eligible costs." The National Emergency Management Information System (NEMIS) will calculate such costs based on this definition as well. Both systems will calculate the subgrantee administrative costs by multiplying the Federal contribution by 1.3333333 to obtain the total net eligible cost amount and then applying the sliding scale.

Should you have any questions regarding this matter, please contact Robert F. Shea, Jr., Director, Program Support Division at (202) 646-3619.